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## CHAPTER 7. LOCAL PURCHASE AND LETTERS OF AUTHORITY (LOA)

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### 7-1. INTRODUCTION

a. General. The local purchase of approved MEDCASE/SuperCEEP requirements is accomplished through the application of MEDCASE/SuperCEEP funds to a local purchase request. The purchase request is forwarded by the activity to its supporting Purchasing and Contracting activity. An electronic LOA provides the MEDCASE/SuperCEEP funds from the USAMMA to the activity.

b. Local Purchase. Both CONUS and OCONUS activities may use local purchase, provided that purchasing and contracting support is available.

c. Local Purchase of Equipment. Local purchase is used for the following types of equipment:

(1) Nonstandard equipment.

(2) Standard, nonstocked items (AAC other than "D," or "H").

d. Local Purchase of Equipment Not Authorized. Local purchase may not be used for the following types of equipment:

(1) Standard, stocked (AAC "D," or "H"), or centrally procured items.

(2) Diagnostic imaging systems.

(3) Radiation therapy systems.

**Note:** Exceptions must be requested through the U.S. Army Medical Materiel Agency, ATTN: MCMR-MMO-AT, 1423 Sultan Drive, Suite 100, Fort Detrick MD 21702-5001.

### 7-2. OVERVIEW OF THE LOCAL PROCUREMENT PROCESS

The following is a brief description of the steps involved in a local purchase process:

a. Excess Assets. Before requesting an LOA, check for available excess assets that could meet the requirement.

b. Local Purchase Documents. Activities must prepare the necessary local purchase documents (e.g., DA Form 3953) prior to requesting the LOA to ensure there is no delay in processing the requirement when the LOA is received.

c. LOA. Once the LOA is requested from the activity, the USAMMA will provide the electronic LOA. The LOA commits funds for a specified period of time, usually 120 days, for the purchase of the ACN specified on the LOA. Appendix C shows examples and explains the LOA and an amended LOA.

d. LOA Processing. The activity receives the LOA and certifies funds availability on the DA Form 3953, then forwards it to the supporting procurement

office for action. It is not necessary to provide the contracting office a copy of the LOA.

e. Purchasing and Contracting. Purchasing and Contracting places an order and awards a contract. A copy of this contract is provided to the MEDCASE/SuperCEEP manager at the Activity.

f. Activity MEDCASE/SUPERCEEP Manager. The activity MEDCASE/SuperCEEP manager annotates the LOA with a document number and returns the LOA with a copy of the contract to the USAMMA.

g. The USAMMA. The USAMMA receives the LOA and contract from the activity and posts the obligation in the WebMRE system and the accounting system.

h. Receiving Reports. The activity receives the item from the supplier and forwards a receiving report to the paying office indicated on the contract. Local DMLSS records are updated with the receipt.

i. Receipt Processing. Upon receipt of the receiving report, the paying office will verify receipt against their copy of the contract and pay the supplier when the bill (invoice) is received. Receiving reports must be submitted in a timely manner so the paying office can take advantage of prompt payment discounts. Failure to submit a receiving report in a timely manner usually results in the payment of interest and penalties and will be charged to the operating funds of the receiving activity.

### **7-3. LOA MANAGEMENT**

a. Funding Authority. The LOA grants authority to cite MEDCASE/SuperCEEP program funds and incur obligations for equipment by local purchase.

(1) The electronic LOA certifies the availability of MEDCASE/SuperCEEP funds for the local procurement of the specific requirement(s) listed by ACN on the LOA. The issue of an LOA constitutes a commitment of MEDCASE/SuperCEEP funds.

(2) Obligations (contract awards) shall not exceed the amount specified on the LOA without the prior written approval of the USAMMA. The funding authority is valid until the expiration date indicated on the LOA.

(3) Funds cited on an LOA will be used only for items that are eligible for funding through the MEDCASE/SuperCEEP program. This is limited to MEDCASE/SuperCEEP-eligible equipment, components and/or accessories, and the installation thereof. MEDCASE/SuperCEEP funds are specifically excluded from the funding of site preparation or first destination transportation charges. **Note:** First destination transportation charges that are included in the contract line for the equipment, i.e., Freight On Board [FOB] destination, may be eligible (see chapter 15).

(4) Individual LOAs are issued for single requirements; however, USAMMA may list multiple ACNs on a single LOA provided that the requirements are identical (i.e., the IDCs and standard item descriptions are the same).

(5) Brand name references that may be included in the nomenclature of the requirement do not constitute endorsement or authority for acquisition under less-than-full-and-open competition.

b. LOA Requests. LOAs for approved (1A) requirements may be requested at any time provided that the STCPC has approved the requirement for funding. LOAs are requested by activities via letter or message addressed to the USAMMA, ATTN: MCMR-MMO-AT. Multiple LOAs may be requested on a single message or letter. LOA requests must contain, as a minimum, the following information:

- o ACN
- o Dollar amount
- o BLIC (MEDCASE)

c. LOA Suspend. LOAs are issued for specific periods of time. Each activity is responsible for maintaining a suspend file of "working" LOAs to ensure that local purchase action is completed before the LOA expiration date. Contracts cannot be awarded using funds cited on an expired LOA. LOAs are issued for an initial period of 120 days.

d. Extension of LOA. When an activity determines that a contract award cannot be made prior to the expiration of an LOA, an extension from the USAMMA may be requested. In such cases, the activity should try to determine as closely as possible how much additional time is required.

(1) Requests for LOA extensions may be made by letter or email. Extensions should be requested at least two weeks prior to the expiration of the LOA.

(2) Extensions will be provided electronically by the USAMMA in the form of an LOA amendment.

(3) LOA extensions will normally be granted in 30-day increments. Normally only two 30-day extensions will be granted. Activities may request an extension exception for more than 30 days if it is known that a longer period will be required to award a contract. Request for extensions in excess of 30 days must provide the current status of the procurement action, the estimated award date, and an explanation of why 150 days is not sufficient to make an award.

e. LOA Price Increases. In cases where the contract award price will exceed the funds cited on the LOA, the station must request an LOA increase from the USAMMA.

(1) The USAMMA will evaluate each request for an LOA increase based on the original value of the requirement, age of the price estimate, amount of the increase, and any other factors provided by the requesting activity. Price increases that do not appear excessive will normally be issued without further justification. For price increases that appear excessive, the USAMMA may require further justification to ensure that the item being procured is, indeed, the item that was originally approved. Cases that cannot be resolved by the funds certification officer will be passed to the appropriate consultant for resolution.

(2) LOA increases may be requested by mail or email. An LOA increase may be requested at the same time of an extension, if applicable. LOA increases

should be requested only when the actual contract price is known. This will eliminate the need for multiple LOA amendments.

(3) LOA increases will be released by the USAMMA only if there are sufficient funds. If there are not sufficient funds available, the activity must reevaluate their requirement.

(4) LOA increases will be issued in the form of an LOA amendment.

f. LOA Amendments. LOA amendments are issued electronically. A single LOA amendment may contain both an extension and a price adjustment. The USAMMA may issue a maximum of four LOA amendments. If an additional extension or price adjustment is needed after the fourth amendment, the activity must return the LOA (with amendments) to the USAMMA and a new LOA will be issued. The USAMMA will not reissue an LOA until it has received the initial LOA.

#### **7-4. BASIC PROCEDURES FOR LOCAL PURCHASE**

a. Actions Upon Receipt of an LOA. Upon receipt of the LOA by the activity, the MEDCASE/SuperCEEP manager should:

(1) Ensure the LOA is administratively correct, e.g., it has the correct ACN(s), funds cite, dollar amount, expiration date, activity name, etc.

(2) Enter the fund citation provided on the LOA onto the DA Form 3953. Ensure the DA Form 3953 is complete and accurate and include attachments, such as essential characteristics or procurement specifications. The requirement should be clearly defined as to accessories, shipping instructions, installation requirements, and warranty requirements.

(3) Ensure that **only** the requirements identified by the ACN(s) listed on the LOA are purchased. The purchase of any other equipment with an LOA is not authorized.

b. Certification of MEDCASE/SUPERCEEP Funds. LOAs issued by the USAMMA provide the using activity with the authority to certify the availability of MEDCASE/SuperCEEP funds to the supporting purchasing and contracting activity.

(1) The activity certifies the availability of MEDCASE/SuperCEEP funds to the purchasing and contracting activity by the signature of an individual designated by the activity commander on the DA Form 3953. The individual(s) designated by the commander are normally the Chief of Logistics, the Chief of Property Management, and/or the MEDCASE/SuperCEEP Manager.

(2) DD Form 577 (Signature Cards) for the persons appointed by the commander to certify the availability of MEDCASE/SuperCEEP funds should be kept on file at the procurement activity and the supporting finance and accounting office.

(3) There is no requirement to provide a copy of the LOA to the purchasing and contracting office.

c. Contract Information Posting. Upon contract award, the activity must post the obligation to DMLSS and to the appropriate lines on the LOA.

(1) Copies of all LOAs and contracts awarded against a LOA must be forwarded to the

U.S. Army Medical Materiel Agency  
ATTN: MCMR-MMO-AT  
1423 Sultan Drive, Suite 100  
Fort Detrick MD 21702-5001

as early as possible after the award to ensure timely posting of the obligation to the WebMRE and accounting systems. This will usually be well before the equipment is actually received. This includes partial awards. Upon completion of all procurement actions authorized by an LOA, the LOA and copies of all obligation documents not already provided to the USAMMA must be forwarded to the USAMMA by the activity.

(2) Activities will establish a suspense file for LOAs and contracts that have been returned to the USAMMA to ensure that the obligations have been properly posted. Obligations not posted within a reasonable period (taking into account mail time), as well as obligations that have been posted erroneously should be reported to the USAMMA.

(3) Local purchase contracts, purchase orders, or delivery orders, except those administered by the Defense Contract Management Command, must identify the appropriate Defense Finance and Account Service (DFAS) payment office. Prior to August 2006, annotate DFAS, San Antonio at:

DFAS-SA/FPA  
500 McCullough Ave  
San Antonio TX 78215-2100

After August 2006, annotate DFAS, Rome at:

DFAS-ROME  
325 Brooks Rd  
Rome NY 13441-4527

**Note:** If there is a time or location change to the information stated above, the USAMMA will immediately notify your MEDCASE/SuperCEEP Manager.

d. Receipt Processing. A receiving report shall be prepared within 5 business days of equipment receipt IAW the Prompt Payment Act and forwarded to the appropriate paying office. Receiving reports for locally procured items are documented on a DD Form 250, DD Form 1155, or via Wide Area Work Flow.

(1) Receiving reports must reflect the line number of the contract, purchase order, or delivery order of the item(s) received, as well as the complete accounting classification and LOA number as shown on the obligation document.

(2) After receipt of the item(s), copies of the receiving report will be forwarded to the USAMMA within 10 working days. This includes receiving reports for partial receipts.